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THE AGRICULTURAL • SITUATION •

MAY 1940

A Brief Summary of Economic Conditions

Issued Monthly by the Bureau of Agricultural Economics, United States Department of Agriculture

Subscription price, 50 cents per year; single copy, 5 cents; foreign price, 70 cents; payable in cash or money order to the Superintendent of Documents, Government Printing Office, Washington, D. C.

VOLUME 24 - NUMBER 5 - WASHINGTON, D. C.



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NEWS COMES of a quick change in the European political front and the yeast of commodity speculation rises. Wheat goes to highest prices in 3 years, feed grains follow, hog prices climb too. Once more the general index of prices of farm products is close to 100. * * * But the index of prices that farmers pay to produce these products is 123. And so the exchange value of the farm products in terms of other goods remains in the low 80's. * * * Seven million farmers and members of their families, meanwhile, go ahead with a full program of spring work—putting in the new crops—employing some 2,500,000 hired hands at wages higher than last year's to help produce the food, the feed, the fibers needed by a domestic market slightly improved as to summer prospect and a foreign one still restricted by the exigencies of European War. * * * All of which sums up in highlight a mercurial agricultural situation and outlook at press time May 1, 1940.

Commodity Reviews

DEMAND: Improvement

SOME improvement is expected this summer in conditions affecting the domestic demand for farm products. The rate of decline in industrial production was considerably slower in March than in either of the 2 preceding months, and preliminary reports indicate there was only a small decline in April.

Recent developments affecting such important individual lines of activity as steel, textiles and residential building support the belief that industrial activity in general is now rounding bottom, and there will be some improvement by summer. Reduced output of steel and textile mills together accounted for about 80 percent of the entire decline in industrial production during the first quarter, but the contraction in new orders for products of these industries was halted in March, and some increase in incoming business has since occurred. Similarly there are signs of reviving interest in home building, following a relapse of several months' duration. Applications for F.H.A. insured home building loans have recently been larger than ever before, suggesting the probability of a spring upturn of something more than seasonal proportions.

Exports of industrial products have given increasing support to domestic economic conditions in recent months. Though the recent spread of the European War will reduce United States exports to Scandinavia, the more active character of the war and the relatively short ocean routes between the United States and Europe will favor American markets, and probably will result in still greater support for domestic industrial activity and consumer income.—P. H. BOLLINGER.

EXPORTS: Change

Spread of the war in Europe to Scandinavia has altered somewhat the

export outlook for United States farm products. Danish supplies of pork, dairy and poultry products are no longer available to the Allies. A larger portion of Allied purchases may now be made in American markets. The immediate effects may not be great, however, since there are ample supplies of pork in Great Britain. Exports of evaporated milk from the United States are not of great importance, but elimination of Denmark as a source of Allied supplies may tend to increase demand for the American product.

Despite the prospect of some improvement in the export markets for some American farm products, the net over-all effects of the war on farm product exports will probably continue to be unfavorable. Tobacco, fresh fruit and lard exports have been definitely restricted by the war, and growing import controls among European belligerent and neutral nations will similarly affect several other export items. Wheat exports will continue small, but this is owing largely to relatively high domestic prices induced by the poor domestic winter wheat prospect rather than to war. Cotton exports, now declining largely because subsidy payments are no longer being made on new export sales and because the European stocks of American cotton have been replenished, will not be helped by the war in Europe.—P. H. B.

PRICES: Higher

Most of the principal farm products except hogs, fruit, chickens, and eggs are selling for higher prices this spring than last. Over-all factor is the better domestic consumer demand. Best gains have been in wheat. Cotton is higher on larger exports and domestic mill consumption. Feed grains are higher partly because of the larger quantities needed to feed the increased numbers of livestock. Hogs are lower,

downed by supplies disproportionately larger than the increase in consumer demand.

Significant is the way in which prices of most farm products have held the sharp gains registered at the outbreak of the European War. The average of prices jumped 10 points last September. Since then, the average has fluctuated within 2 points below and 3 points above this figure.

Index Numbers of Prices Received and Paid by Farmers

[1910-14=100]

Year and month	Prices received	Prices paid	Buying power of farm products ¹
1939			
April.....	89	120	74
May.....	90	120	75
June.....	89	120	74
July.....	89	120	74
August.....	88	119	74
September.....	98	122	80
October.....	97	122	80
November.....	97	122	80
December.....	96	122	79
1940			
January.....	99	122	81
February.....	101	122	83
March.....	97	122	80
April.....	98	123	80

¹ Ratio of prices received to prices paid.

The April 15 index was 98 percent of the pre-World War average, compared with 98 last September, and with 89 in April a year ago. The ratio of prices received to prices paid was 80 on April 15 compared with 74 on the same date last year.

INCOME: Increase

Farmers cash income from marketings and Government payments in the first quarter of this year was 214 million dollars more than in the like period of 1939. Total was 1,987 million in 1940 against 1,773 million in 1939. Increase was principally in income from marketings of grains, cotton and cottonseed, tobacco, meat animals, and dairy products, and in Government payments. Total for fruits and vegetables was smaller than in the first quarter of 1939. Income from poultry and eggs was the same as in that period.

All of the increase in the first quarter of this year was in January and February. March showed larger income from marketings of grains, cotton and cottonseed, tobacco, and dairy products than in the same month last year, but this was more than offset by smaller income from fruits, vegetables,

Prices of Farm Products

Estimates of average prices received by producers at local farm markets based on reports to the Agricultural Marketing Service. Average of reports covering the United States weighted according to relative importance of district and States.

Product	5-year average, August 1909-July 1914	April average, 1910-14	April 1939	March 1940	April 1940	Parity price April 1940
Cotton, lb.....	12.4	12.4	8.15	10.0	10.0	15.87
Corn, bu.....	64.2	63.4	45.4	56.0	58.6	82.2
Wheat, bu.....	88.4	89.3	57.8	85.0	88.9	113.2
Hay, ton.....	11.87	12.16	6.67	8.22	8.29	15.19
Potatoes, bu.....	69.7	68.8	75.2	77.0	83.8	87.6
Oats, bu.....	39.9	40.9	27.4	38.6	38.8	51.1
Soybeans, bu.....	(¹)	(²)	78.2	101.0	99.9	-----
Peanuts, lb.....	4.8	5.0	3.4	3.6	3.5	6.1
Beef cattle, cwt.....	5.21	5.50	7.08	7.00	7.16	6.67
Hogs, cwt.....	7.22	7.59	6.67	4.87	4.90	9.24
Chickens, lb.....	11.4	11.8	14.4	12.8	12.9	14.6
Eggs, doz.....	21.5	16.6	15.5	15.4	15.0	³ 21.5
Butterfat, lb.....	26.3	25.9	21.4	28.4	27.5	³ 33.8
Wool, lb.....	18.3	18.0	19.7	27.3	26.1	23.4
Veal calves, cwt.....	6.75	6.76	8.38	8.81	8.63	8.64
Lambs, cwt.....	5.87	6.46	7.88	8.05	8.14	7.51
Horses, each.....	136.60	140.40	81.50	78.20	76.60	174.80

¹ Revised.

² Prices not available.

³ Adjusted for seasonality.

meat animals, and poultry and eggs, and smaller Government payments. April income probably was less than in the same month last year, due to smaller Government payments.

Month and year	Income from marketings	Income from Government payments	Total
March:			
1940---	\$534,000,000	\$67,000,000	\$601,000,000
1939---	517,000,000	95,000,000	612,000,000
1938---	510,000,000	60,000,000	570,000,000
January-March:			
1940---	1,696,000,000	291,000,000	1,987,000,000
1939---	1,581,000,000	192,000,000	1,773,000,000
1938---	1,636,000,000	108,000,000	1,744,000,000

FARM WAGES: Higher

Farmers are paying slightly higher wages to hired hands this spring than last, the general level of farm wage rates the country over on April 1 being computed at 124 percent of the 1910-14 level as compared with 121 percent on the same date last year. Wages averaged \$27.45 per month with board as a national figure on April 1 this year, \$36.41 per month without board, \$1.26 per day with board, and \$1.55 per day without board.

The number of persons working on farms on April 1 this year was estimated at 9,797,000 as compared with 9,960,000 on April 1, 1939. Of the total, 2,113,000 were hired hands this April 1, compared with 2,187,000 a year earlier. The remainder were farm family workers. The reduction in employment this April compared with last was attributed to unseasonable conditions which retarded farm work.

COTTON: Prices Hold

Cotton prices seem to have been little affected by the change in the foreign political situation. The average for the 10 spot cotton markets was 10.67 cents for Middling $1\frac{1}{8}$ inch during the week ended April 27, as compared with 10.47 to 10.64 cents in the preceding 5 weeks, and with 9.02

cents in the corresponding week last year. Domestic mill activity was reported as having increased slightly during the first 3 weeks of April.

Principal foreign news of the month was the report of a rationing scheme restricting sales of cotton piece goods for domestic consumption in England to 75 percent of pre-war levels. The stated purpose is to permit mills to meet adequately the British requirements for military purposes and for export. It was also announced that freight quotas for shipment of American cotton to England had been reduced from 100,000 bales per month to 50,000 bales.

United States exports of cotton totaled 5,578,000 bales from August 1 to April 25, as compared with 2,965,000 for the same period last year, and with 5,053,000 bales 2 years ago. It was estimated that in mid-April about 1,000,000 bales upon which export bond had been posted under the subsidy program remained to be exported prior to August 1.

WHEAT: Price Rise

Domestic wheat prices in April advanced to highest figures since 1937. Factors in the rise included the German invasion of Denmark and Norway, pessimistic foreign crop news, and large Canadian export sales. Changes in wheat prices in the next few months are expected to continue to depend largely upon developments in the foreign political situation, weather conditions here and abroad, and upon the volume of overseas sales of North American wheat.

Meanwhile, the United States Crop Reporting Board increased (as of April 1) to 426 million bushels its indication of the size of the winter wheat crop in this country. This quantity plus 200 million bushels of spring wheat (tentative, on the basis of average yields on prospective plantings) plus a projected carry-over of 290 million bushels on July 1 next indicates a total domestic supply of more than 900 million bushels for 1940-41.

The supply in 1939-40 was 1,009 million bushels.

Reports from many important foreign producing areas indicate unsatisfactory growing conditions. Unfavorable weather over large areas of Europe resulted in heavy winter-kill. In some countries, wheat has been damaged by floods. Spring seeding also is reported as being "generally backward." Probabilities are that the 1940 world crop of wheat will be smaller than the 1939 production.

FEED GRAINS: Prices Up

Prices of feed grains and feedstuffs advanced sharply in April, reflecting the sudden change in the European political situation, and possibly the late spring and lack of moisture in large areas of the Corn Belt. Prices of all feed grains were 9 to 15 cents per bushel higher than in April a year ago, the general level of prices being supported by larger livestock numbers, a higher level of business activity, and a less favorable growing season this spring.

Production of the 4 principal feed grains—corn, oats, barley, and grain sorghums—may total 91 million tons this year, as compared with 97 million tons in 1939, and with 100 million tons average in the pre-drought years 1928-32. This volume of production

plus the prospective carry-over of feed grains would give a total supply a little smaller than in 1939-40, but with that exception the largest since 1932-33.

Production prospects are projected on the basis of farmers' planting intentions reported in March and a growing season about the same as the average for the years 1928-32. In the case of corn, some allowance is made for higher-than-average yields as a result of the use of hybrid seed. Disappearance of corn during the period October-March of 1939-40 was more than 100 million bushels larger than during the corresponding period a year earlier; nevertheless, the carry-over of corn on October 1 next may be 100 million bushels larger than the 573 million bushels carried over on October 1 last.

OILSEEDS: Production

Larger crops of soybeans, flaxseed and peanuts this year than last are indicated by farmers' intentions reports times average yields, after allowance for usual abandonment. No indication is available as yet for cottonseed. Production of soybeans may exceed 100 million bushels compared with 87 million in 1939; flaxseed may total 23 million bushels compared with 20 million;

Prices of feeds at Chicago in April 1 1940

Feed	Price		Cost per pound of digestible nutrients	Cost per pound of protein
	Per bushel	Per pound		
	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>
Corn, No. 3 Yellow.....	61.1	1.09	1.38	
Oats, No. 3 White.....	43.4	1.36	1.90	
Barley, No. 3.....	54.5	1.14	1.45	
Grain sorghums, No. 2.....	77.3	1.38	1.86	
Yellow milo.....				
	<i>Per ton dollars</i>			
Bran.....	26.50	1.32	1.86	10.00
Shorts.....	26.50	1.32	1.73	8.74
Brewer's dried grains.....	25.00	1.25	1.91	6.04
Gluten feed.....	22.30	1.12	1.37	3.07
Cottonseed meal.....	36.80	1.84	2.50	5.43
Linseed meal.....	33.40	1.67	2.14	5.46
Soybean meal.....	29.20	1.46	1.78	3.87
Tankage.....	47.50	2.38	3.33	5.14

1 Feed grains, average for week ended April 13; other feeds, daily price for Apr. 16.

2 Minneapolis.

3 Kansas City.

peanuts may be somewhat larger than the 1,180 million bushels produced last year.

Domestic demand for oilseeds in 1940-41 may be slightly stronger than in the current season, reflecting decreased production of lard and decreased supplies of feed grains per animal on farms. A reduction in supply of feed grains would tend to strengthen the demand for oilseed cake and meal, and hence the demand for oilseeds. As for linseed oil, no great change in industrial or building activity is now in prospect for the forthcoming marketing season.

United States exports of soybeans since the outbreak of European war have been the largest on record. The total of nearly 11 million bushels during the first 6 months of the war compares with less than 3 million in the like period a year earlier. Shipments have been principally to the Netherlands, and to Canada for transshipment to Europe. BAE said in April that American soybeans "may continue to hold their present favorable competitive position in European markets" next season, if the war in Europe continues.

CATTLE: Fewer on Feed

The number of cattle on feed in the Corn Belt has been reduced sharply since the beginning of this calendar year, and on April 1 was only 2 percent larger than on the same date a year ago. Feeders in this area indicated that marketings of fed cattle would be larger through June this year compared with last, but much smaller in July and August. After August, marketings of fed cattle may again be larger than a year earlier. Total cattle slaughter for the year as a whole may be no larger than in 1939, since it is expected that marketings of breeding stock will be reduced.

Cattle have been selling at somewhat lower prices to date this year than last, but the disparity has been much less than that in prices of hogs. Consumer demand for meats has been

better than in 1939, but not enough to offset the big increase in supplies of meats—especially of pork. Consumer demand this summer probably will continue stronger than a year earlier. The demand for feeder cattle may not be so strong this year as in 1938 and 1939, since available feed supplies are smaller and feed costs are higher.

Looking farther ahead, the livestock specialists see prospects that the number of cattle on farms may increase to largest figures on record during the next 4 or 5 years. Currently, there are 5 million fewer cattle than at the beginning of 1934, but this decrease may be more than made up in the next few years by increases in the Great Plains area, in the area east of the Mississippi River, and in States bordering the Mississippi on the West. Such a development, of course, would depend upon favorable weather and range conditions.

HOGS: Marketings Up

Marketings of hogs usually increase in May and June, then decline until the new spring crop begins to go to slaughter in September or October. This pattern should be followed this year, but marketings may be smaller next winter than last to the extent that the pig crop is smaller this spring. Biggest factor indicating a reduction in the pig crop this spring has been the continuing unfavorable ratio of hog prices to corn prices.

Hog prices recovered sharply in April from the 6-year low figures registered early in that month. Feed prices also went up, and there was little change in the hog-corn ratio. Reason for the sudden reversal in hog prices is not clear in view of the prospects for an increase in marketings this month and next. It is noteworthy, however, that prices declined from mid-January to early April, when hog marketings decreased about 30 percent. Economists look for a better domestic consumer demand for meats this spring and summer but not enough to raise prices to 1939 figures.

No immediate increase in United States exports of bacon and ham to Great Britain is in prospect as a result of occupation of Denmark by Germany. Great Britain has large stocks of bacon, recent purchases from Denmark had been sharply curtailed, and any large increases in purchases likely will be from Canada rather than the United States. Some increase in United States exports may occur later when British stocks are reduced.

LAMBS: Prices Up

Fed lambs have been higher priced this spring than last, chiefly on account of higher wool prices. In contrast, little difference has been noted in prices of spring lambs. AMS reported in mid-April considerable variation in condition of early lambs, ranging from "exceptionally good" in the Pacific Coast States to "only fair" in the Southeastern States. An abundance of feed in California was reported as "encouraging the holding of early lambs to attain maximum weights."

BAE said that marketings of early lambs probably will be larger this May and June than last, that a heavy marketing of both early lambs and yearlings from Texas is expected in these 2 months. AMS reported that producers in California would tend to delay deliveries to market until the end of April, and that this would bunch eastern shipments between the 20th of April and the middle of May.

Heavy market shipments of high-quality lambs were expected from Arizona during the latter half of April, and of yearling lambs from Texas in May and June. Producers in the Southeastern States reported that most lambs would be marketed later than is usual. Marketings from the Northwest in the latter half of May and in June probably will be heavy.

FRUITS: Little Damage

Deciduous fruit and nut trees in nearly all sections of the country came

through the winter with little or no freeze damage. Citrus trees in Florida and Texas were not injured seriously by the January-February cold wave. Early peaches were doing fairly well in the Southern States until sub-freezing temperatures in mid-April reduced prospects in many of the important areas of production. The combined intermediate and late supply of strawberries probably will be smaller this year than last.

Storage holdings of apples have been rapidly depleted despite the loss of export markets. Winter and spring citrus supplies also have dwindled fast. The California navel orange harvest will be finished in June. Latest reports indicate a slightly larger California Valencia crop this season than last, and the fruit is expected to be of better size and quality. Lemons also will be slightly more plentiful this season.

Marketings of the 1939 crop of apples probably will be finished by the end of June. Meanwhile, it is reported that apple trees in nearly all commercial sections of the country came through the winter with practically no damage from cold weather. Injury to buds from spring freezes, reported to April 1, was negligible except in a few areas. Pear trees in California and in most of the other producing areas of the country came through the winter in good condition.

Export prospects for apples and pears to Europe during the 1940-41 season are regarded as "distinctly unfavorable," and "there is little to indicate" that prospective Allied purchases of American dried fruit will be heavier during the coming season. The export movement of canned fruit has been relatively well maintained but no increase is expected during the next marketing period. United Kingdom imports of canned fruit were put under license in March.

POTATOES: Prices Down

Market shipments of early potatoes are increasing rapidly, and prices are

much below the high figures registered on both old and new potatoes a month ago. The rise in late March and early April reflected a temporary shortage of market supplies on account of the lateness of the new crop. But when shipments began to move in volume from Texas and California in late April, the prices of new potatoes broke sharply.

Production of early potatoes in north Florida and the lower valley of Texas was indicated at 2.3 million bushels, or about 10 percent more than in 1939. Harvesting of the early California crop also was well under way in late April. There was an increase of about 10 percent in acreage in California this season over last. Given good weather, the California crop may exceed the high record production of 11.1 million bushels last year.

Alabama reported a sizable increase in early potato plantings this season, but the crop was severely damaged by the April freeze, and the harvest probably will be delayed. There was considerable damage of early potatoes in Louisiana and Mississippi. In Georgia and the Carolinas normal yields are expected. Figures for most of the Southern States indicated delayed but rather heavy shipments in May and early June.

MILK: Production Up

Milk production is increasing seasonally. Peak months of production usually are May and June. The output in May last year exceeded 11 billion pounds, and in June the production was close to 11.5 billion. These figures may be exceeded this year—depending, of course, on the condition of pastures in this period—since there are more cows on farms. Seasonal declines in fluid milk prices were reported in April, ranging from 14 to 30 cents per hundredweight to producers, and averaging about 1 cent per quart to consumers.

Prices of the principal manufactured dairy products are much below the

winter peak, and some further seasonal decline is in prospect. It is expected, however, that prices during the coming storage season will average higher than in the summer of 1939. The past storage season was a favorable one for storage operations, and a fairly good storage demand is in prospect this summer.

Basis for the expectation of higher average prices this summer than last, for manufactured dairy products, includes the generally higher level of commodity prices.

EGGS: Increase

April is usually the month of largest egg production. This April was no exception. Production then declines rather sharply until late fall, then starts rising again to the April peak. Prices go down as production increases, and the price of eggs now is around the lows for the year. Prices of eggs are lower than at this time a year ago, whereas prices of feed are higher. This means less profit for egg producers.

BAE says that total production of eggs may be larger in the first half of this year than in the like period of 1939, reflecting the larger number of layers on farms. Large quantities of eggs have gone into storage, but the April 1 holdings of both shell eggs and frozen eggs were smaller this April 1 than last, and smaller than the 1935-39 average for that date. Production in the last half of the year may be smaller than in the corresponding period of 1939.

Poultry flocks probably are being culled more than is usual at this time of year, on account of the relatively high price of feed. Farmers the country over were averaging about 15.0 cents a dozen for eggs on April 15, as compared with 15.5 cents on that date last year. During the week ended April 27 it required 8.21 dozen eggs to buy 100 pounds of standard poultry ration at Chicago. This compares with 6.65 dozen a year earlier.

FRANK GEORGE

This Changing Agricultural World

1. Tobacco

TOBACCO production and consumption of the world have increased during the past two decades, but there has been a noticeable decline in international trade in the product. Important changes have taken place in the relative standing of most of the principal importing and exporting countries, and there has been a further shift to the production and use of the lighter, mild types of leaf in preference to dark types. There has also been a pronounced trend toward closer government control of leaf production and trade, and more supervision of the manufacture and sale of tobacco products.

These conditions have resulted in a decline in total exports of leaf from the United States and have brought about a shift to smaller exports of dark types and larger exports of flue-cured. The present military conflicts in Europe and the Orient have resulted in a sharp drop in United States exports for the current marketing year and may serve to accentuate a downward trend that appeared probable before the conflicts began.

THE increase in world production and consumption of tobacco has resulted from an upward trend in world population and a substantially higher per-capita consumption. There has been a decided increase in the number of smokers in the female population of many countries. The continued shift to cigarettes has also contributed to the increase in per-capita consumption. World leaf production, excluding China, during the first half of the 1920-29 decade is estimated to have been about 4.2 billion pounds annually. There was a pronounced upward trend during this period, which extended until 1931 when it totaled about 5.3 billion pounds. There was a sharp decline in 1932

Many changes have occurred in world agricultural production and trade during the last 20 years. Production has been expanded in importing countries, new areas have been developed in exporting countries. The situation is, simply, that as world markets for some commodities have dwindled, the competition for the remaining business has increased.

Artificial devices of all sorts have been used variously in the different countries to win what is commonly regarded as "a favorable balance of trade." The principal result to date is confusion and a world agriculture and trade thrown more out of joint. Now a European War with intensified embargoes and quotas and other restrictions multiplies the difficulties.

Where do we go from here? To get at the answer we asked economists in the Office of Foreign Agricultural Relations to set down as simply as may be the outstanding changes in world agriculture and trade during the last 20 years, and to indicate the discernible trends affecting the future of our principal farm commodities.

The accompanying article on tobacco is the first in a series on this subject. Subsequent articles will deal with wheat, cotton, fruits, and other commodities.—Ed.

followed by a renewed expansion, and for the past 5 years world production, excluding China, has averaged about 5.1 billion pounds.

Most of the increase in production has occurred outside the United States and has been in the lighter types and certain of the dark types that compete with leaf exported from the United States. Much of the increase has occurred in continental Europe, Canada, South Africa, certain of the Asiatic

countries, and to a lesser extent in South America. The only pronounced decreases have occurred in countries such as Cuba, Sumatra, and the Philippine Islands, which produce a surplus of cigar-type leaf.

IN continental Europe, where consumption has increased by about 200 million pounds during the past two decades, much of the expansion in leaf production has resulted from the attempt of deficit producing countries to attain self-sufficiency. The surplus countries of Europe have also increased their output and are now supplying a larger share of the European market. Germany, where consumption has expanded rapidly, has increased annual production by about 25 million pounds and has not increased imports; France has increased production by 25 million pounds and reduced imports by 20 million pounds; Italy, which formerly had an annual net deficit of about 50 million pounds, has increased production and now has a net annual surplus of near 10 million pounds. The surplus oriental-leaf producing countries of Bulgaria, Greece, and Turkey, have increased their combined production by about 100 million pounds and exports by about 75 million pounds.

In the United Kingdom, where the entire supply of leaf continues to be imported, the annual consumption during the past 20 years has increased by about 65 million pounds. In the early 1920's, when the annual consumption was about 150 million pounds, approximately 90 percent of the supply was imported from the United States, and the remainder divided between receipts from British Empire sources and imports from countries other than the United States. Since this period, there has been some increased consumption of American leaf, but much of the total increase has been accounted for by larger utilization of Empire leaf. During the past 5 years, total consumption has averaged about 215 million pounds, of which the

United States has supplied about 74 percent; and Empire sources, namely, South Africa, India, and Canada, most of the remaining 26 percent. In addition to the trend toward a decrease in the proportion of American leaf used in the United Kingdom, there has been a continuation of the shift from fire- and air-cured leaf to flue-cured. Fifteen to twenty years ago, approximately 40 percent of all American leaf used in the United Kingdom was of the fire- and air-cured types, whereas for the past 5 years only about 5 percent has been of these types, and 95 percent flue-cured.

DEVELOPMENTS in the Far Eastern Countries of China, Manchuria, the Japanese Empire, India, and the Netherlands Indies, have also been unfavorable to American tobacco interests. Consumption of leaf in the form of cigarettes, the only product in which American or any other imported leaf is extensively used in these countries, has increased from about 178 million pounds annually during the 5 years 1920-24, to approximately 366 million pounds during the past 5 years. The quantity of American tobacco used, however, which has been almost entirely flue-cured, has in recent years been about 10 million pounds below that consumed in the earlier period, and in addition much of it has been stems, while formerly only leaf was used.

The situation appears even more unfavorable when the recent consumption is compared with that during the period 1928-31. Through this period the utilization of American flue-cured was at its peak and totaled about 182 million pounds annually, or approximately 60 percent of total leaf consumed in cigarettes. During the past 5 years it has declined to about 74 million pounds annually, or approximately 20 percent of the total. This rapid decline has resulted from an expansion in the domestic production of flue-cured. The combined production of the above countries has been in-

creased from an average annual output between 1920 and 1924 of about 50 million pounds to approximately 275 million pounds during the past 5 years.

The trend of developments in Canada, Central and South America, South Africa, and other areas that are of less importance has been somewhat comparable with that in the more important areas. Leaf production in Canada, largely flue-cured, has been increased from about 22 million pounds annually in the early 1920's to approximately 76 million pounds during the past 5 years. Leaf exports from the United States to Canada have declined from about 14.3 to 4.5 million pounds annually. Central and South American countries have expanded production and curtailed imports, and South African countries have greatly increased their production and export.

THE general tendency of individual countries and Empire areas toward self-sufficiency has, in spite of increased world production and consumption of tobacco, reduced international trade in leaf. Exports from the United States (which normally account for 40 to 45 percent of the yearly quantity of leaf entering world trade) during the past 5 years have been about 80 million pounds below that during the early 1920's, and there has been a substantial decrease in shipments from the Netherlands Indies, Cuba, the Philippine Islands, and certain other surplus-producing areas. Part of the decline from these areas has been offset by increased shipments from British Empire areas, China, the Japanese Empire, and certain European and South American countries.

Measures that importing countries have employed to attain self-sufficiency, and which have acted to curtail international trade in leaf, include higher import duties and preferential tariffs, monopoly control, import quotas and exchange control, barter and clearing agreements, taxes on tobacco products, and subsidized domestic leaf

production. Aside from monopoly countries, of which the number has increased in recent years, practically every country has increased its import duties on tobacco, and in the case of Empire countries, duty preferences have been granted on leaf originating within the Empire. The most striking examples of duty preferences and those which have been of greatest importance in curtailing American leaf exports have been in the British Empire. Since 1932 the United Kingdom has maintained a preference of about 50 cents per pound on leaf imported from Empire sources, and many of the other countries in the Empire have allowed a substantial preference.

Several of the European countries have set up exchange, barter, or clearing arrangements, which tend to restrict their purchases of tobacco to countries with which they have a favorable or balanced trade, or to those willing to accept goods in exchange for tobacco. Countries with limited foreign exchange and which cannot successfully trade their products for leaf have subsidized domestic leaf production through higher prices or lower excise taxes on products made from domestic leaf.

THE military conflicts in the Orient and Europe have intensified the tendency toward self-sufficiency and caused a further disruption in the international trade in tobacco. Since 1938 Japan has prohibited the import of tobacco except from Manchuria and occupied areas in China, and at present the Japanese are expanding flue-cured production in the areas under their control, which expansion, if continued at the rate of the past 2 years, will soon permit a substantial export.

The necessity of conserving exchange for the purchase of war materials has caused the United Kingdom, France, and practically all of their Empire countries to regulate tobacco imports through the use of exchange control or import permits. Since September 1939, the United

Kingdom has refused exchange for payment of American leaf. In the meantime, however, these countries have entered into an agreement with Turkey, which provides for an annual import of Turkish leaf over a period of 20 years that is several times their usual small purchases of such leaf. Negotiations for similar arrangements with Greece are reported to be under consideration, and an increased effort is being made to secure more leaf from their colonies. Other belligerent countries, as well as some of the neutrals within the European war area, have adopted the same general policy of restricting imports except from their colonies, allied countries, or countries that they seek to secure as allies through special trade concessions.

The combined effect has been to cause a sharp curtailment in exports of American leaf. It appears, however, that as stocks of American leaf abroad are diminished the importing countries will need to renew their purchases. They may, however, be somewhat below the volume of recent years. The extra impetus that has been given to the use of leaf from competitive sources may increase the trend to the use of smaller portions of American leaf abroad, which has been in evidence for some years. If this development is not accompanied by a general increase in tobacco consumption, the volume of American exports will be reduced.

J. BARNARD GIBBS,
Office of Foreign Agricultural Relations.

The Migrant Farm Laborer

TENS of thousands of farm laborers the country over are looking for jobs. Principally they are the seasonal workers commonly classed as migrants finding a few days or a few weeks of work and then moving on. Estimates vary as to the number of these migrants—from 1,000,000 to 3,000,000 during seasonal peaks of farm work in early summer and fall. All are seeking employment in an industry in which a combination of factors have operated to reduce employment opportunities the last 10 years.

These factors have included a rapid increase in farm mechanization, the substitution of motor vehicles and tractors for animal power, and increased productivity flowing from improved cultural and feeding practices. Vast areas of crop lands have been released from feed production, and less labor is needed now to produce for domestic needs and a restricted export demand. Meanwhile—in the last 10 years—the farm population has increased by nearly 2,000,000 persons. Many of these resident farm people

have no work, and yet the army of migratory workers increases.

A GOOD deal of misinformation has been published regarding the agricultural migrant. Generalization is based upon isolated examples, estimates vary widely even as to the total number of migrants, exaggerations of all sorts are drawn as to living and working conditions. The trouble is, that although a number of scattered surveys have been made of the migrant situation, there is little information with which to form a national picture. The surveys have, however, revealed some serious economic and social situations.

So far as can be determined by available information, practically all agricultural migrants are of American birth. Many were once farm operators—some as owners, others as tenants, some as sharecroppers. Many have always been farm laborers. Many include the industrially unemployed who have turned to agriculture in search of subsistence. Many hope to resettle and make a living in new



places. Others want no more than seasonal employment.

The average migratory laborer obtains, at best, only irregular employment. Many have to resort to relief. One California study reported an average of 5.9 months of employment, families averaging 1.6 workers earning on the whole \$289 a year, 93 percent of families not earning more than \$600 a year. A survey of sugar beet laborer families revealed average season's earnings totaling \$410.

IT IS commonly assumed that migrants follow the crops clear across the country from south to north. Actually, most of them travel and work over shorter distances. Workers join and leave the stream all along the way. Some leave the northward movement of one operation to return south to work in later farm jobs. The end of a season finds migrants working not only at the northern end of the so-called migratory routes, but also at intermediate points. Not all migrants are on the road or at work at the same time. The greatest numbers are probably reached in midsummer.

One of the so-called migratory routes starts in Florida and skirts the Atlantic coast to New York State, covering truck, berry, and orchard crops. An-

other takes in Louisiana and northwestern Arkansas for strawberry picking, other central Mississippi Valley points, and ends in Michigan. The combine has so largely displaced the binder, thresher, and human labor that the wheat harvest of the Great Plains from Texas to Canada is a decreasing attraction to migrants.

A greater variety of crops is handled along the coast-long western route than on any other. At the southern end of this route lies the Imperial Valley of California. Within Texas, there are migrant routes from the citrus and truck crops of the Rio Grande Valley through the cotton crop to the Panhandle.

Considerable labor moves to the sugar beet-producing areas east of the Rocky Mountains. Some of the sugar beet labor originates in Texas and New Mexico, follows the east side of the range northward, and branches north-eastward. This sugar beet migration is characterized by the fact that most of the migrants remain on the same farms during the entire production season. Surveys show, however, that sugar beet labor needs are being increasingly met by local laborers, many of whom are former migrants.

JOSIAH C. FOLSOM.

Income From Chickens and Eggs¹

CASH farm income from chickens and eggs in 1939 was about 636 million dollars. This was 40 percent less than in 1929 but 40 percent above the 1910-14 average.

Cash farm income from chickens and eggs averaged about 454 million dollars in the period 1910-14. Sales rose slightly from 1910 to 1920, while prices more than doubled, and cash farm income exceeded 1 billion dollars in 1919 and 1920. After the deflation of 1921-22, prices remained relatively stable until the recent depression, but the quantities of eggs and chickens sold increased and in 1928-29 were more than one-third larger than in the years 1918-20. The increase in volume of sales was sufficient to increase income in spite of declining prices. The depression beginning in 1929 caused prices and income to fall sharply, and production declined moderately.

CASH income from the sale of eggs averages about twice as much as cash income from the sale of chickens. The variations in income from the two sources have not followed exactly parallel courses. Income from eggs fell off much more sharply from 1920 to 1921 than did income from chickens and increased less rapidly from 1921 to 1929. As a result, cash income from eggs in 1929 was 5 percent below the peak reached in 1920, while cash income from chickens in 1929 was 18 percent above the previous peak in 1920.

The price of eggs appears to be more sensitive than the price of chickens to changes in supply. Both the numbers of chickens and of eggs sold increased 38 percent from 1920 to 1929. However, prices of chickens were 14 percent

lower in 1929 than in 1920, whereas egg prices were 31 percent lower. These same trends are apparent when production and prices are compared with the pre-World War average. The same price disparity was evident in 1939. The number of eggs sold was 45 percent larger in 1939 than in 1910-14 and the number of chickens sold was 43 percent larger. However, egg prices were 12 percent lower than in 1910-14, whereas chicken prices were 20 percent higher, so that cash income from eggs was 28 percent larger and cash income from chickens was 71 percent larger in 1939 than in 1910-14.

United States: Cash Income and Gross Income from Chickens and Eggs, 1909-39

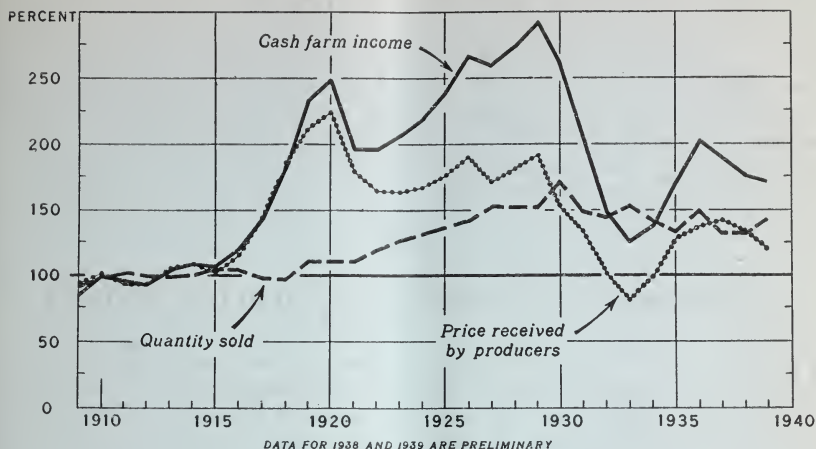
Year	Chickens		Eggs	
	Cash income	Gross income	Cash income	Gross income
	Million dollars	Million dollars	Million dollars	Million dollars
1909.....	109	200	295	403
1910.....	127	232	331	449
1911.....	123	220	304	412
1912.....	120	215	339	457
1913.....	132	239	321	436
1914.....	138	248	336	456
1915.....	134	235	341	464
1916.....	152	262	375	509
1917.....	184	324	523	704
1918.....	232	425	599	805
1919.....	296	502	762	1,011
1920.....	317	525	781	1,039
1921.....	252	421	528	700
1922.....	250	412	506	664
1923.....	262	429	583	748
1924.....	278	440	585	741
1925.....	305	478	682	857
1926.....	340	531	695	870
1927.....	333	512	626	782
1928.....	350	529	709	877
1929.....	374	569	740	912
1930.....	333	495	606	751
1931.....	258	390	434	546
1932.....	189	293	324	412
1933.....	161	247	309	394
1934.....	175	271	370	474
1935.....	217	344	491	629
1936.....	259	405	466	600
1937.....	241	380	513	651
1938 ¹	226	358	473	608
1939 ¹	219	-----	417	-----

¹ Basic data for estimates of income from chickens and eggs were furnished by Agricultural Marketing Service. Economic analysis prepared by R. J. Foote for the Farm Income Committee, Bureau of Agricultural Economics.

¹ Preliminary.

CHICKENS: SALES, PRICE, AND CASH INCOME, UNITED STATES, 1909-39

INDEX NUMBERS (1910-14=100)



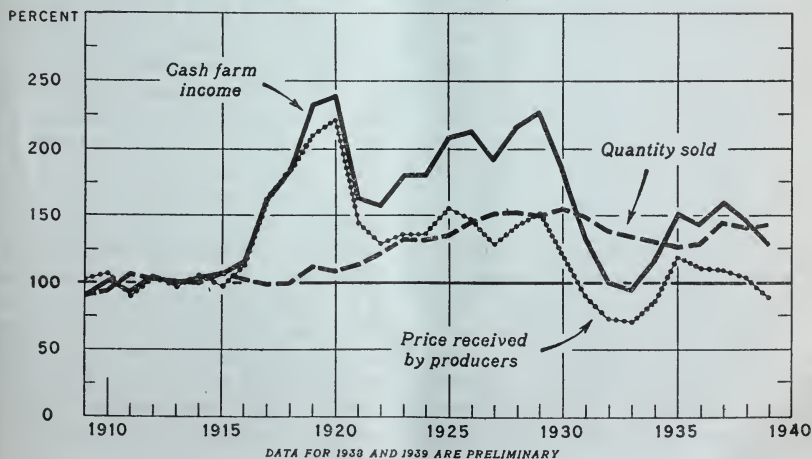
THE accompanying charts show that the year-to-year changes in income from chickens and eggs have been brought about to a much greater extent by fluctuations in prices than by changes in quantities sold. However, in certain periods changes in the purchasing power of consumers and in the level of wholesale food prices have been more important in causing fluctuations in prices than have been changes in supplies of chickens and eggs. For this reason, prices have frequently in-

creased while sales were increasing and have decreased while sales were decreasing. Examples will be found in the periods 1922 to 1925 and 1930 to 1932. This does not mean that changes in supply do not affect prices but only that the effects of changes in supply are frequently more than offset by the opposite effects of demand conditions.

RELATIVE to cash income, the value of chickens and eggs used

EGGS: SALES, PRICE, AND CASH INCOME, UNITED STATES, 1909-39

INDEX NUMBERS (1910-14=100)



for home consumption on the farm where produced has declined since the period before the World War. In 1910-14 home consumption of chickens represented about 45 percent of the gross income from chickens, as compared to about 35 percent in 1925-29 and about 36 percent in 1934-38. In the case of eggs, home consumption declined from about 26 percent of

gross income in 1910-14 to about 20 percent in 1925-29 and then gradually rose to about 22 percent in 1934-38. This decline in the relative importance of home consumption has not been due to decreases in the quantities consumed on the farm where produced but to increases in quantities sold.

O. C. STINE,
Farm Income Committee.

Commodity Credit Corporation Loans

DURING 1939 the Commodity Credit Corporation made loans to producers and producer-cooperatives on twelve commodities: cotton, corn, wheat, rye, tobacco, peanuts, figs, butter, wool, mohair, turpentine, and rosin.

The accompanying table summarizes by commodities and years the loans made by Commodity Credit Corporation since its inception in 1933. The total quantities of the commodities on which loans have been made, the approximate average loan rate per unit, and the amounts of loans outstanding, plus the stocks held by the Corporation, on March 30, 1940, are indicated.

The largest loans have been made in connection with the cotton, wheat, and corn adjustment programs of the Agricultural Adjustment Administration. The Agricultural Adjustment Act of 1938, as amended, makes these loans mandatory under certain conditions. The Act sets forth a formula for determining the loan rate on corn as well as limits within which the loan rates shall be fixed for cotton and wheat, namely, 52 to 75 percent of parity price.

THE heavier exports of cotton this season, brought about by increased foreign demand and the export subsidy, caused cotton prices to rise substantially above the loan rate. As a result, only a few thousand bales of cotton came under the 1939 cotton loan. Moreover, by March 30, 1940,

loans on approximately 1,821,000 bales of the 1938 loan cotton were liquidated at a profit to growers. This liquidation is expected to continue; and loan stocks of 1938 cotton may fall below 2 million bales by the end of the current cotton season on July 31, 1940.

The short crop prospects for 1940 winter wheat, along with an increase in foreign demand, have resulted in a marked rise in wheat prices since the wheat loans were made last summer. Consequently, many wheat producers already have paid up their loans; and current liquidation of the remaining loans on 1939 wheat is proceeding in substantial volume. On March 30, 1940, the Corporation owned no wheat.

CORN loans on the 1939 crop, at the rate of 57 cents per bushel, were reported in a quantity of over 260 million bushels by the end of March, and it is expected that the total will have increased another 40 million bushels before the closing of the program. The total stocks of corn under loan and owned by the Corporation on March 30, 1940, approximated 514 million bushels, which is about double the quantity a year ago. Inasmuch as farm prices of corn last fall were below the loan rate, the Corporation extended the maturity of the loan on about 160 million bushels of 1937 and 1938 corn, most of which was resealed on the farms. In addition the Corporation

took title to approximately 90 million bushels of 1937 and 1938 loan corn.

The wool loan programs in 1938 and 1939 placed a bottom under wool prices and permitted wool growers to carry a part of their clip until demand conditions improved and prices advanced. All of the 1938 wool loans have now been repaid, and producers have sold their wool at a profit. Only an eighth of the 1939 wool loans were still outstanding on March 30, 1940.

In the 1939-40 tobacco season the Corporation made some large purchases to avert a badly disorganized

market and ruinously low prices to tobacco growers, after the outbreak of the European War caused an abrupt withdrawal of large foreign buyers.

CARL B. ROBBINS,
President,
Commodity Credit Corporation.

[The Commodity Credit Corporation was transferred to the Department of Agriculture by the President's Reorganization Plan No. 1, effective July 1, 1939; previously, as an independent Governmental agency, the Corporation had operated in close affiliation with the Reconstruction Finance Corporation.]

Commodity Credit Corporation Loans

March 30, 1940

[In thousands]

Commodity and year of loan	Total quantity placed under loan	Average loan rate per unit	Loans outstanding and commodities owned	
			Quantity	Book value ¹
COTTON	<i>Bales</i>	<i>Pounds</i>	<i>Bales</i>	<i>Dollars</i>
1933.....	1,926	10¢		
1934.....	4,632	12¢	² 1,557	² 122,500
1935.....	115	10¢		
1937.....	5,295	8.7¢	² 5,093	² 255,642
1938.....	4,482	9.0¢	2,661	130,700
1939.....	25	8.8¢	22	1,005
	16,475		9,333	509,847
CORN	<i>Bushels</i>	<i>Bushels</i>	<i>Bushels</i>	
1933.....	267,758	45¢		
1934.....	20,075	55¢		
1935.....	30,966	45¢		
1936.....	158	55¢		
1937.....	47,117	48.5¢	510	294
1938.....	³ 229,837	57¢	160,826	101,492
CORN OWNED ⁴				
1939.....	⁵ 261,357	57¢	² 91,235	² 56,664
	857,268		261,193	148,705
			513,764	307,155
WHEAT				
1938.....	85,745	60¢	1,232	779
1939.....	167,566	70¢	104,803	73,905
	253,311		106,085	74,684
RYE				
1939.....	1,500	38¢	1,181	446
TOBACCO	<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>	
1931-5.....	69,755	12.0¢	15,898	⁶ 2,965
1937.....	5,627	16.6¢	836	⁶ 1
1939:				
Wisconsin.....	708	4.9¢	279	14
Other ²	³ 177,082	20.8¢	² 177,082	² 36,827
	253,172		194,095	39,807
Peanuts	<i>Tons</i>	<i>Tons</i>	<i>Tons</i>	
1937.....	86.3	\$60.00		
1938.....	121.4	57.82		
1939.....	13.1	61.94	7.2	445
	220.8		7.2	445

See footnotes at end of table.

Commodity Credit Corporation Loans—Continued

Commodity and year of loan	Total quantity placed under loan	Average loan rate per unit	Loans outstanding and commodities owned	
			Quantity	Book value
PRUNES	<i>Bales</i>	<i>Pounds</i>	<i>Bales</i>	<i>Dollars</i>
1937.....	56.1	\$40.00	-----	-----
1938.....	22.8	17.41	-----	-----
	78.9		-----	-----
RAISINS				
1937.....	22.6	\$55.00	-----	-----
1938.....	53.8	50.00	42.1	1,183
	76.4		42.1	1,183
HOPS	<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>	
1938.....	7,077	20¢	4,976	1,047
PECANS				
1938.....	3,705	10¢	2,005	302
FIGS	<i>Tons</i>	<i>Tons</i>	<i>Tons</i>	
1937.....	4.2	\$20.12	-----	-----
1938.....	7.4	\$16.92	-----	-----
1939.....	3.0	\$16.85	1.5	44
	14.6		1.5	44
DATES	<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>	
1937.....	1,533	4¢	-----	-----
BUTTER				
1938.....	114,264	25.5¢	-----	-----
1939.....	12,836	23.4¢	717	194
	127,100		717	194
WOOL AND MOHAIR				
1938.....	19,179	18¢	-----	-----
1939.....	8,943	18¢	1,125	188
	28,122		1,125	188
NAVAL STORES				
1934:				
Turpentine—gallons.....	8,049	\$0.46	-----	-----
Rosin—barrels.....	370	\$4.46	-----	-----
1938:				
Turpentine—gallons.....	9,742	\$0.21	-----	-----
Rosin—barrels.....	937	\$10.52	538	7,149
1939:				
Turpentine—gallons.....	6,154	\$0.20	4,482	7,903
Rosin—barrels.....	667	\$11.39	602	7,903
				15,052
Total loans outstanding.....				478,761
Total commodities owned.....				471,633
Grand total.....				950,394

¹ Accrued and unpaid interest and warehouse charges not included.

² Owned by Commodity Credit Corporation.

³ Does not include 28,789,032 bushels of 1937 resealed corn.

⁴ Includes corn of 1937 and 1938 crop years. Break-down by crop years not available.

⁵ Does not include 159,888,355 bushels of 1937 and 1938 corn loans renewed and extended, most of which was resealed on farms.

⁶ Balance due on notes of associations.

NOTE.—Loan rates for the various commodities listed in this article are rough averages of all loans made, taking into account different rates on different grades as well as freight differentials.

Index

A general index of articles which have appeared in The Agricultural Situation during the last 3 years—1937–39—is obtainable from the Bureau of Agricultural Economics, Washington, D. C.

The Hog Situation: An Analysis

LARGE marketings of hogs, a record domestic production of food fats and oils, and a weaker consumer demand for pork than for other meats are the chief factors responsible for the relatively low level of hog prices in the past 6 months. Three large corn crops in a row have brought about a marked recovery in hog production from the low level resulting from the droughts of 1934 and 1936. Low hog prices in relation to corn prices probably will bring about a decrease in both the spring and fall pig crops of 1940. Reductions in the pig crops this year will mean smaller hog marketings in 1941 than in 1940.

FARMERS who have raised hogs over a long period of years appreciate better than anyone else that hog prices and the income from hogs have sharp ups and downs. In the past 2½ years, however, there have been very few "ups" in prices. In August 1937 the average price of hogs at Chicago reached about \$12 per 100 pounds, whereas in March of this year the average was down to about \$5.

In the 1936-37 marketing year, when supplies of hogs were small, the Chicago average price was about \$10.35 per 100 pounds. Hog marketings did not increase much in 1937-38, but the average price dropped to about \$8.40, chiefly because of the decline in consumer demand for hog products brought about by the business recession that developed in late 1937. Total incomes of industrial workers declined nearly 30 percent from the middle of 1937 to the middle of 1938. Such a decrease in incomes of consumers necessarily reduced considerably the amount of money they could spend for meats.

In 1938-39, prices declined further, and the Chicago average for that year was about \$7. Consumer demand for pork and lard was better than in

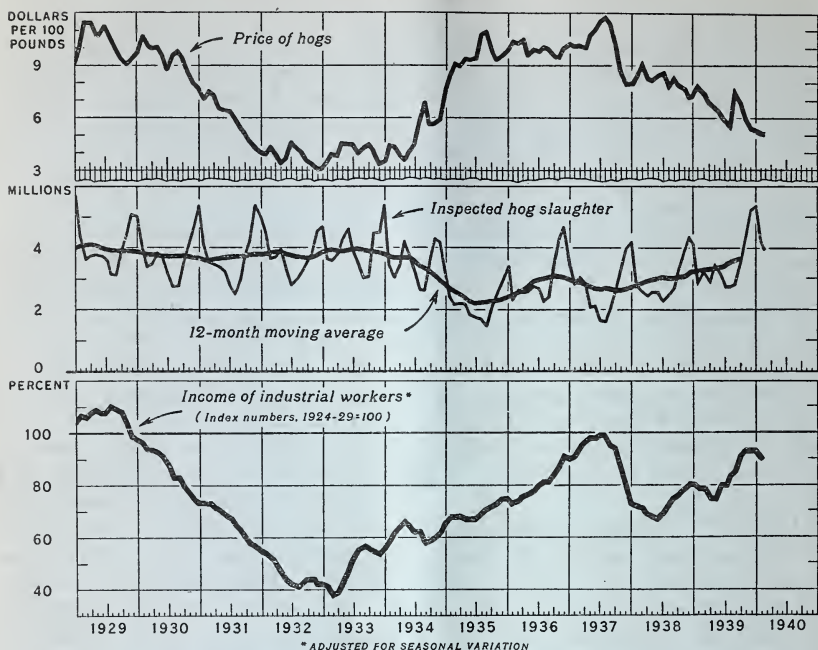
1937-38, but this improvement was more than offset by the marked increase in hog marketings. Inspected hog slaughter (the most reliable indication of marketings) increased about 15 percent from 1937-38 to 1938-39.

CHIEFLY as a result of the large corn crops in 1937, 1938, and 1939, and the favorable ratio of hog prices to corn prices, the number of pigs raised increased sharply in both 1938 and 1939. The 1939 pig crop was 19 percent greater than that of 1938. It was the largest crop in the past 16 years. The increase in the number of pigs raised in 1939 was reflected in a 23-percent increase in inspected hog slaughter in the first half of the present marketing year which began last October. Cattle marketings in most recent months have been somewhat larger than a year earlier. In the first quarter of 1940 the total dressed weight of livestock slaughtered under Federal inspection was the second largest for the quarter in the past 20 years.

As in 1938-39, the increase in hog marketings this year more than offset the effects of improvement in consumer demand upon hog prices. The average price of hogs at Chicago from October through March 1939-40 was \$5.60 compared with \$7.55 in the corresponding period of 1938-39.

IN the past year, prices of lard have been much lower than in other recent years, and low in relation to pork prices. The low lard prices reflect not only the increase in lard production but also the increase in the total domestic production of food fats and oils. In 1939 the domestic production of food fats and oils was the largest on record. Lard production, while larger than in 1938, was smaller than the average of the 5 years before the droughts. Most of the increase in domestic fats and oils pro-

**AVERAGE PRICE OF HOGS AT CHICAGO, FEDERALLY INSPECTED
SLAUGHTER OF HOGS, AND INCOME OF INDUSTRIAL
WORKERS, UNITED STATES, 1929-40**



duction over the 1929-33 average has been in soybean oil.

Prices of hogs in the past year not only have been low compared with those of other recent years, but they also have been unusually low in relation to cattle prices. In January and February 1940, inspected hog slaughter, although much larger than a year earlier, was only 4 percent larger than the 1921-34 January-February average. Inspected cattle slaughter was about 13 percent larger than average. As compared with the January-February (1921-34) average, the 4-percent more hogs slaughtered under Federal inspection this year sold for about 35 percent lower prices, while the 13-percent larger cattle slaughter sold at 17 percent higher prices. One important reason for this change in the relation of hog prices to cattle prices is that the export demand for pork and lard is now much weaker than in the 1921-34 period. Exports of beef, on the other hand, have been small throughout the period since 1920. It

also appears that, over a period of years, consumer demand for beef in this country has strengthened as compared with the demand for pork.

EXPORTS of pork have been increased somewhat by the European War, but lard exports have not been affected much. In the 6 months following the outbreak of the European War—September 1939 through February 1940—United States exports of pork totaled 97 million pounds, about twice as much as in the same months of 1938-39. Lard exports in this period totaled 141 million pounds, about 10 percent more than a year earlier. If there had been no war, exports of both pork and lard probably would have increased some because of the large increase in domestic production. Most of the increase in pork exports was in the shipments of fresh pork to Canada, and this increase may have been due chiefly to war developments. In late February, however, Canadian imports of pork

were placed under a restrictive quota. Shipments of pork to Great Britain in recent months have not been much larger than a year earlier, and, in February, purchases of United States pork and lard were restricted by the British.

The occupation of Denmark by Germany will shut off nearly half of Britain's normal imports of cured pork. Part of this deficiency will be made up by increased Canadian shipments to Great Britain. Total pork consumption in Great Britain also may be reduced. Eventually there may be some increase in British takings of United States bacon and hams, but little increase is expected in 1940.

At the beginning of the war last September, a considerable increase in United States exports was anticipated. Hog prices rose sharply in September. As hog marketings increased seasonally after September and exports did not increase as much as had been expected, prices declined greatly. This decline continued into the late winter and early spring, even though there was a seasonal reduction in hog marketings from mid-January to early April. In early April, hog prices reached the lowest level for the season and the lowest since the summer of 1934. During the second and third weeks of April, however, prices advanced materially.

RELIEF purchases in recent months have provided some support to hog prices. During the period from December through early April the Federal Surplus Commodities Corporation purchased for relief distribution approximately 34.7 million pounds of lard and 3.8 million pounds of dry salt pork. Purchases of hams and bacon and picnics were made in mid-

April. For several months pork and lard have been listed as surplus commodities under the stamp plan. This plan, now in operation in a number of cities, is designed to increase consumption of food, particularly surplus food products, by low income groups and persons on relief.

Efforts are also being made by the Federal Government through the agricultural adjustment and conservation programs to restrict corn acreage. The supply of corn available for feeding also has been held down in the past 3 years by Government loans on corn. A report recently released on prospective plantings by farmers indicated a somewhat smaller corn acreage this year than last. If the growing season this year is about average, it is probable that the total production of corn and other feed grains in 1940 will be smaller than in 1939. Although the carry-over of old corn this year will be large, a considerable part of the carry-over will be corn sealed under Government loan. Present indications are that the total supplies of feed grains for 1940-41, excluding corn under seal, will be considerably smaller than the 1939-40 supply.

THE low hog prices in relation to corn prices in recent months and the prospective decrease in feed supplies probably will cause both the spring and fall pig crops this year to be smaller than those of 1939. This decrease will be reflected in smaller hog marketings in 1941 than in 1940. If domestic consumer demand continues near current levels or improves, the smaller hog marketings next year will be accompanied by higher hog prices than in the current year.

PRESTON RICHARDS.

Farm Real Estate Values Increase

An increase of about 1 percent in the average of farm real estate values the country over during the 12 months ended March 1, 1940, is reported by the Bureau of Agricultural Economics.

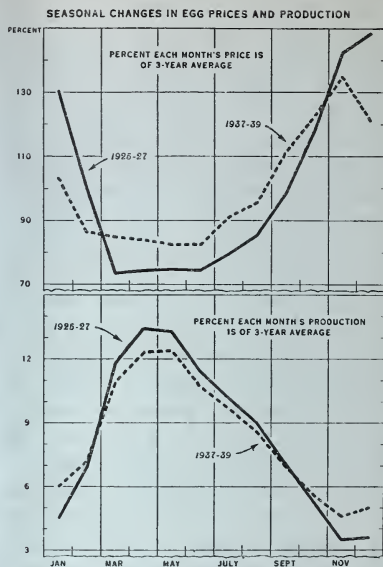
The preliminary index of average value per acre of farm real estate is 85, as compared with 84 in 1939, and with 85 in 1937 and 1938. The period 1912-14 equals 100.

New Pattern for Eggs

OF all the staple year-round farm commodities, the prices farmers receive for eggs show the greatest seasonal fluctuations. The bottom of the seasonal cycle comes during the months of March through June and the top of the cycle during October through January. Forty years or more ago the peak price was usually in January, but later it came in December. For the last several years the peak in egg prices has been in November and indications are that it may come in October, in the next few years. These peak prices in the fall and early winter were formerly quite high. In the early 1920's, farmers received nearly 50 cents a dozen, and as recently as the fall of 1930 fresh white eggs of good quality were wholesaled on the New York market for about 53 cents.

This great swing in prices from spring to fall was caused by an even greater change from season to season in the number of eggs laid per hen per month. Many small farm flocks formerly produced no eggs at all during the fall and winter, and all their eggs in the spring. During the 1920's, however, many discoveries were made in the field of poultry nutrition, and breeding, and many new methods of poultry management were developed. Poultry producers began to make use of these discoveries in order to obtain not only more eggs per hen during the year, but a greater proportion of these eggs during the high-priced months. State colleges, extension workers, feed companies, and hatcheries, for instance, have all advocated earlier hatchings, so that pullets would come into production during the high-priced months in the fall and winter instead of during the following spring. As would be expected, the increased production during these months has had an effect on farm egg prices.

THE upper part of the accompanying chart shows the extent to which



prices have been affected. The curves indicate the percent that the prices in each month are of the average prices for the 3-year periods, 1925-27 and 1937-39. In the earlier period, the price in January was 130 percent of the 1925-27 average, whereas it was only 103 percent during 1937-39. Prices formerly reached their seasonal low in March through June, whereas in the latter period May and June represent the low period. From June on a sharp rise occurs, reaching a peak in December during 1925-27, and in November during 1937-39. This illustrates the extent to which the seasonal peak price has moved forward in a relatively few years.

The lower part of the chart shows the seasonal change in the number of eggs produced per hen each month, and explains why the seasonal price curve is tending to flatten out. A greater proportion of the annual egg crop is now being produced in the months of October through February, and particularly during November, December, and January, and a significantly smaller percentage is being

produced in the spring months. Producers have made a good beginning toward stabilizing production into a year-round business instead of concentrating a major part in the spring months.

IN several ways a more stable price for eggs to the producer, and consequently to the consumer, is a change for the better. Great swings in prices from spring to fall discourage many consumers from making eggs a year-round part of their diet. This is particularly true of low-income consumers forced to omit eggs from their menus during the fall and winter. Milk, another protective food, is consumed much more regularly throughout the year because the retail price shows little or no variation from month to month, and probably the per capita consumption is higher for this reason than if prices fluctuated widely, even around the same annual average.

It might be possible, therefore, for the poultry industry to increase its total

production without being forced to accept lower average prices simply by selling eggs for a more uniform price throughout the year. Such a method of increasing consumption might be called the "hard way," since it involves many difficult production problems, such as breeding for early maturity and what is called "longevity" or the hen's ability to lay through the summer, molt quickly, and begin laying again in the fall.

Only recently we have been made increasingly aware of the marked influence of family income levels on the volume of consumption of such food items as eggs. Our annual per capita consumption of 300 eggs is the highest in the world, but our low-income groups, comprising over half our population, consume much less than this. These are the groups that would benefit the most from a levelling of the production and price curves.

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United States: Exports and Imports of Specified Agricultural Commodities, March, 1939 and 1940, and September–March, 1938–39 and 1939–40 ¹

Commodity	Unit	March		September-March	
		1939	1940	1938-39	1939-40
Exports:					
Pork:		<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>
Cured pork ²	Pounds.....	7, 451	1, 227	38, 061	38, 532
Other pork ³	Pounds.....	3, 413	3, 475	22, 581	62, 896
Total pork.....	Pounds.....	10, 864	4, 702	60, 642	101, 428
Lard, including neutral.....	Pounds.....	22, 157	20, 654	150, 230	162, 183
Wheat, including flour.....	Bushels.....	10, 617	6, 728	60, 076	30, 157
Apples, fresh ⁴	Bushels.....	1, 192	167	10, 528	2, 621
Pears, fresh.....	Pounds.....	1, 341	912	130, 601	63, 777
Tobacco, leaf.....	Pounds.....	38, 215	31, 752	344, 875	208, 426
Cotton, excluding linters (500 lb.).....	Bales.....	346	458	2, 731	5, 412
Imports:					
Cattle.....	Number.....	91	43	425	325
Beef, canned, including corned.....	Pounds.....	5, 707	4, 782	39, 736	49, 021
Hides and skins ⁵	Pounds.....	28, 688	23, 529	175, 072	195, 540
Barley malt.....	Pounds.....	7, 569	4, 855	52, 220	38, 334
Sugar, cane (2,000 lb.).....	Tons.....	256	276	1, 222	1, 778
Flaxseed.....	Bushels.....	2, 031	1, 972	12, 157	8, 423
Tobacco, leaf.....	Pounds.....	5, 480	4, 627	33, 546	35, 267
Wool, excluding free in bond for use in carpets, etc.....	Pounds.....	9, 207	20, 710	38, 115	116, 987

¹ Corrected to Apr. 25.

² Includes hams, shoulders, bacon, and sides.

³ Includes fresh, frozen, pickled, salted, and canned.

⁴ Includes baskets, boxes, and barrels, in terms of bushels.

⁵ Excludes the weight of "other hides and skins" which are reported in pieces only.

Source: Office of Foreign Agricultural Relations. Compiled from official records of the Bureau of Foreign and Domestic Commerce.

Economic Trends Affecting Agriculture

Year and month	Indus- trial pro- duction (1923- 25=100) ¹	Income of indus- trial workers (1924- 29=100) ²	Cost of living (1924- 29=100) ³	(1910-14=100)					Taxes ⁵
				Whole- sale prices of all commod- ities ⁴	Prices paid by farmers for commodities used in—			Farm wages	
					Living	Pro- duction	Living and produc- tion		
1925.....	104	98	101	151	164	147	157	176	270
1926.....	108	102	102	146	162	146	155	179	271
1927.....	106	100	100	139	159	145	153	179	277
1928.....	111	100	99	141	160	148	155	179	279
1929.....	119	107	99	139	158	147	153	180	281
1930.....	96	88	96	126	148	140	145	167	277
1931.....	81	67	88	107	126	122	124	130	253
1932.....	64	46	79	95	108	107	107	96	219
1933.....	76	48	76	96	109	108	109	85	187
1934.....	79	61	78	109	122	125	123	95	178
1935.....	90	69	80	117	124	126	125	103	180
1936.....	105	80	81	118	122	126	124	111	182
1937.....	110	94	84	126	128	135	130	126	187
1938.....	86	73	82	115	122	124	122	124	186
1939.....	105	83	82	113	120	122	121	124	-----
1939—April.....	92	75	82	111	-----	-----	120	121	-----
May.....	92	75	81	111	-----	-----	120	-----	-----
June.....	98	80	81	110	119	121	120	-----	-----
July.....	101	80	81	110	-----	-----	120	126	-----
August.....	103	83	81	109	-----	-----	119	-----	-----
September.....	111	86	82	115	122	123	122	-----	-----
October.....	121	91	82	116	-----	-----	122	126	-----
November.....	124	93	82	116	-----	-----	122	-----	-----
December.....	128	93	82	116	121	123	122	-----	-----
1940—January.....	119	93	82	116	-----	-----	122	119	-----
February.....	109	89	82	115	-----	-----	122	-----	-----
March.....	103	87	82	114	121	-----	122	-----	-----
April.....	-----	-----	-----	115	-----	-----	123	124	-----

Year and month	Index of prices received by farmers (August 1909–July 1914=100)								Ratio of prices received to prices paid
	Grains	Cotton and cotton-seed	Fruits	Truck crops	Meat animals	Dairy products	Chickens and eggs	All groups	
1925.....	157	177	172	153	140	153	163	156	99
1926.....	131	122	138	143	147	152	159	145	94
1927.....	128	128	144	121	140	155	144	139	91
1928.....	130	152	176	159	151	153	153	149	96
1929.....	120	144	141	149	156	157	162	146	95
1930.....	100	102	162	140	133	137	129	126	87
1931.....	63	63	98	117	92	108	100	87	70
1932.....	44	47	82	102	63	83	82	65	61
1933.....	62	64	74	105	60	82	75	70	64
1934.....	93	99	100	103	68	95	89	90	73
1935.....	103	101	91	125	118	108	117	108	86
1936.....	108	100	100	111	121	119	116	114	92
1937.....	126	95	122	123	132	124	111	121	93
1938.....	74	70	73	101	114	169	108	95	78
1939.....	72	73	77	105	110	104	94	93	77
1939—April.....	67	70	82	95	114	95	87	89	74
May.....	72	72	85	88	112	92	85	90	75
June.....	73	73	93	105	107	94	83	89	74
July.....	66	73	80	99	107	96	89	89	74
August.....	64	71	70	99	101	100	90	88	74
September.....	83	76	73	117	117	107	102	98	80
October.....	77	74	73	128	112	112	108	97	80
November.....	79	75	66	123	107	117	117	97	80
December.....	87	82	65	96	101	118	97	96	79
1940—January.....	90	85	66	117	103	119	91	99	81
February.....	91	85	76	168	101	118	98	101	83
March.....	92	85	73	128	102	114	83	97	80
April.....	96	85	81	145	104	110	82	98	80

¹ Federal Reserve Board, adjusted for seasonal variation.

² Adjusted for seasonal variation.

³ Monthly indexes for months not reported by the Bureau of Labor Statistics are interpolated by use of the National Industrial Conference Board cost-of-living reports.

⁴ Bureau of Labor Statistics index with 1925=100, divided by its 1910-14 average of 68.5.

⁵ These indexes are based on retail prices paid by farmers for commodities used in living and production reported quarterly for March, June, September, and December. The indexes for other months are interpolations between the successive quarterly indexes.

⁶ Index of farm real-estate taxes per acre. Base period represents taxes levied in the calendar years 1909-13, payable mostly within the period Aug. 1, 1909-July 31, 1914.

⁷ Preliminary.

NOTE: The index numbers of industrial production and of industrial workers' income shown above are not comparable in several respects. The base periods are different. The production index includes only mining and manufacturing; the income index also includes transportation. The production index is based on volume only, whereas the income index is affected by wage rates as well as by time worked. There is usually a time lag between changes in volume of production and in workers' income, since output can be increased or decreased to some extent without much change in the number of workers.